

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 12, 2015

GA2013-41

Mr. Jerry Schmitz
Vice President, Engineering
Southwest Gas Corporation
P.O. Box 98510, LVA-581
Las Vegas, NV 89193-8510

SUBJECT: General Order 112-E Inspection of the Southwest Gas Corporation, Southern California Division's Gas Transmission Pipeline Integrity Management Program.

Dear Mr. Schmitz:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order (G.O) 112-E inspection of Southwest Gas Corporation's (SWG) Transmission Integrity Management Program (TIMP) on December 16-20, 2013.

During the inspection, SWG informed SED about SWG's Pipeline Safety Enhancement Plan (PSEP) to replace and convert the 1.26 miles of transmission pipeline covered in its TIMP into a high pressure distribution main. Although, SWG operates and maintains 15.4 miles of transmission pipeline, 14.14 miles of these pipelines are in Class 1 locations and/or outside of high consequence area; thus, the pipelines are not covered under the TIMP requirements.

SED used the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety's "Gas Integrity Management Inspection Protocols with Results Form" as a reference guideline to conduct the inspection. The inspection focused mainly on Protocols A, B, C, D, E & I, and SWG implementation and validation of these elements. SED staff noted three areas of concern as noted in the attached document "SWG 2013 TIMP Inspection Summary" (Summary).

Please provide a written response within 30 days of your receipt of this letter indicating measures taken by SWG to address the concerns noted in the Summary. If you have any questions, please call Matthewson Epuna at (213) 576-7014 or Paul Penney at (415) 703-1817.

Sincerely,

A handwritten signature in blue ink that reads 'Kenneth A. Bruno'.

Kenneth Bruno, Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

SWG 2013 TIMP Inspection Summary

December 16-20, 2013

Areas of Concern:

1. Protocol Area C. Identify Threats, Data Integration, and Risk Assessment:

Protocol C.01.e states in part:

“C.01.e. Verify that the approach appropriately considers industry data and experience.”

SWG TIMP plan did not have a specific language that addressed the consideration of “industry data and experience”. It is expected that Operators should periodically review and evaluate industry data and incident reports submitted by similar operators for generic implications into conditions on their pipelines that may pose integrity threats to the pipeline. Applicable industry data sources include studies based on pipeline incident occurrence data submitted to PHMSA, INGAA, AGA, and other industry sources. These sources should be used by operators to obtain information on events and trends that are applicable to the operator’s system.

SWG staff informed SED during the discussion of this matter that it reviews and considers industry data and experience in its threat analysis even without specifically stating this language in its TIMP plan. SED recommends that SWG incorporate specific language in its TIMP plan that periodically review and evaluate industry data and incident reports submitted by similar operators for information on events and trends that are applicable to the operator’s system.

2. Protocol Area I. Performance Measures:

Protocol I.01.a states in part:

“I.01.a. Verify the process for measuring IM program effectiveness includes the elements necessary to conduct a meaningful evaluation?”

An adequate process for measuring IM program effectiveness should have the following characteristics:

- *Includes the use of periodic self-assessments, internal and/or external integrity management program inspections, management reviews, or other self-critical evaluations to measure program effectiveness.*
- *Includes a clear description of the scope, objectives, and frequency of these program evaluation methods...”*

SWG’s Operations Manual DS Transmission Integrity Management Procedure, Section 11 states:

“11.1.5 As a company performance measure, evaluate FLI per HCA-mile (both IMP and O&M activities) at the Division and Company level and identify any action items to pursue based on the evaluation.

11.1.6 A running evaluation of performance measure data will be performed as part of the continuing evaluation process and the annual SME meetings. This will aid in communication throughout the Company and across Division areas of responsibility.”

SED observed that SWG’s “Operations Manual DS Transmission Integrity Management Procedure” [emphasis added], Section 11 did not adequately address the elements and process for its Performance Measures of the Gas Transmission Integrity Management Program effectiveness. However, SWG’s “Operations Manual DS Transmission Integrity Management Policy” [emphasis added] addressed in sufficient detail the program elements and process for Performance Measures evaluation of its IM program effectiveness. SED recommends that SWG’s “Operations Manual DS Transmission Integrity Management Procedure, Section 11, reference SWG’s “Operations Manual DS Transmission Integrity Management Policy” Section 15.9.9.2.